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USING RETIREES TO FILL TEMPORARY LABOR NEEDS:

A CASE STUDY OF THE TRAVELERS CORPORATION RETIREE JOB BANK

THE COMMONWEALTH FUND

Americans Over 55 at Work Program

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The Travelers Corporation Retiree Job Bank

- **Established in 1979 to staff a special hotline responding to customer service complaints at Travelers Headquarters in Hartford**
- **In 1985, the job bank was expanded to include non-Travelers retirees**
- **In January of 1990, the program was again expanded to include younger people, forming an in-house temp agency called TravTemps**
- **Today, over 700 retirees are registered for the program**
- **Currently in an average week, 250 retirees and 150 other TravTemps fill positions, meeting more than 90 percent of all requests**

Characteristics of Retirees in the Travelers' Job Bank

Average Age	**67 years**
Percent Female	**70%**
Average Hours Worked Per Year (Approximately 1/3 of full-time)	**516**

Source: The Travelers Corporation.

Keys to Operating a Successful Temporary Program

- **Maintain pool of temporaries with a diverse set of skills**
- **Find highly motivated, dependable workers**
- **Keep costs as low as possible**

Advantages of Using Retirees as Temporaries

- **Avoids temporary agency fees and sales tax, saving close to $900,000 a year**
- **Expands pool of available temps**
- **Avoids additional fringe benefits costs because retirees are already covered by medical plans**
- **Capitalizes on firm/retiree relationship**
  - -- **Retirees are familiar with firm and its jobs**
  - -- **Firm is familiar with retirees' abilities**
- **Improves morale of entire workforce**
  - -- **Younger employees see firm as "taking care of its own"**
  - -- **Retirees may be more motivated than unaffiliated temps**

Types of Jobs Filled by Travelers' Retiree Job Bank

Unskilled Production	43%
Receptionist Typist	16%
Administrative Support	12%
CRT/Data Entry	16%
Secretary	4%
Professional	3%
Word Processing	2%
Technical	2%
Other	2%

Source: The Travelers Corporation.

Retirees are More Motivated Than Agency Temporaries

- **Require little training or explanation about nature of their assignments**
- **Have much lower absentee rates**
- **Are more frequently requested by supervisors**

Expenses Included in Cost Comparisons

RETIREE JOB BANK COSTS:

- **Labor**
  - -- **Wages**
  - -- **Social Security (employer's contribution)**

- **Administration**
  - -- **Staff Salaries and Benefits**
  - -- **Rent and Parking**
  - -- **Telephone, Postage, and Delivery**
  - -- **Furniture, Equipment, and Maintenance**
  - -- **Office Supplies, Data Processing, and Reproduction**
  - -- **Corporate Communication Charges and Advertising**
  - -- **Building Operations and Library Charges**

INDEPENDENT AGENCY COSTS

- **Payments to Agencies, including hourly wage**
- **Sales Tax**

Estimated Savings of the Travelers' Retiree Job Bank, 1989

Costs	Retirees	Independent Agency Temps
Wages	$1,847,000	$2,862,000
Other Labor Costs	202,000	0
Administration	157,000	0
Sales Tax	0	215,000
TOTAL	$2,206,000	$3,077,000

ESTIMATED ANNUAL SAVINGS = $871,000

Source: ICF analysis.

Comparison of Hourly Compensation Costs: Retirees Versus Independent Agency Temps, 1989

Job Type	Retirees	Independent Agency Temps	Savings
Professional	15.76	23.23	7.47
Technical	17.53	a	a
Administrative Suppo[illegible]	11.33	17.40	6.07
Word Processors	11.28	20.14	8.86
CRT/Data Entry	10.60	14.85	4.25
Secretaries	12.59	20.80	8.21
Receptionist/Typist	9.03	14.89	5.86
Unskilled Production	8.53	12.46	3.93

[a] Independent agencies cannot fill this job type.

Source: The Travelers Corporation.

Productivity of Retiree Temporaries

- **Do not need extensive orientation about work assignment**
- **Familiar with corporate culture**
- **Much lower absentee rates**
- **More highly rated by supervisors**

Summary of Findings

- **Setting up a company job bank to hire retirees as temporary workers is good for the company**
  - -- **Saves money**
  - -- **Provides pool of dependable, motivated workers who are familiar with the company**
  - -- **Improves customer service**
  - -- **Is good for morale of the entire workforce**
- **Since initiating the program in 1979, the Travelers Corporation has allowed it to grow and evolve; it is now an independent in-house temporary employment agency, TravTemps, which also hires non-Travelers retirees and younger people**